

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. General.

- a. The co-ordination of economic relations between the USSR and Satellite countries is effected by a Soviet Bloc organization known as the Office for International Economic Relations (OIER).
- b. In Hungary this office, the official title of which is International Economic Relations (Nemzetközi Gazdasági Kapcsolatok or NGK), is located at Nádor utca 9, Budapest (at the corner of Nádor utca and Zrínyi utca).

2. Organization.

- a. This office is part of the Hungarian State Planning Office (Tervhivatal) but in no sense subordinate to it. Head of it is Imre Karcag, who is simultaneously Deputy Chief of the Planning Office.
- b. In addition to the normal secretarial staff the NGK office employs two officials each for the USSR and for each of the Satellite countries. It further has a permanent representative in Moscow named Aladár László.
- c. The office is represented in each Hungarian ministry concerned with economic and industrial matters. Thus, in the Ministry for Metallurgical and Machine Industries this representation is to be found as a special section attached to the Main Technical Department. In addition to this ministerial representation the office has its own delegate or delegates in each of the more important Hungarian industrial undertakings.

25 YEAR RE-REVIEW

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- d. Similar offices organized on identical lines (i.e. with a representation in ministries and undertakings) are to be found in each of the Soviet Satellite countries, including East Germany and China. It is presumed, but not known for certain, that a central office exists in Moscow.

3. Functions.

The main functions of the OIER are:

- a. to ensure that the technical standards in industry in each of the Satellite countries are on a level with the standards reached in the USSR;
- b. to provide for an exchange of technical knowledge between the various members of the Soviet Bloc;
- c. to allocate the carrying out of various industrial tasks among the Soviet Bloc countries;
- d. to supply the USSR with the fullest possible information on economic conditions, plans, achievements, technical processes, etc. in each of the Satellite countries.

4. Parity of Technical Standards.

- a. Via this office experts from any one Soviet Bloc country are enabled to visit the other countries to study their industrial methods, processes, etc.
- b. The following are typical examples of this form of co-operation:
 - (1) To improve industrial standards in Hungary, a delegation of Hungarian technical experts visited Czechoslovakia for several months in 1951 and were enabled to investigate production methods and processes in the main Czech factories.
 - (2) Numerous Chinese experts have recently visited Hungary to study Hungarian industrial methods. (To date no Hungarians have visited China, partly because it is too far distant, but mainly because Chinese industry is technically behind Hungarian industry).
 - (3) A delegation of Hungarian experts visited Gdynia in 1953 to investigate a new method of shipbuilding developed by the Poles (by which ships are built on assembly lines and the plates are welded instead of riveted) with a view to the Gheorghiu-Dej (Ganz) Shipyards adopting similar methods.
- c. Numerous Satellite experts visit the USSR to learn Soviet methods and processes. This invariably occurs when the Soviets request from the Satellites deliveries of goods in the manufacture of which the Satellite supplier has little or no experience. Similarly Soviet experts are taken on temporarily by Satellite factories with a view of learning Satellite methods and processes. However, when this occurs the Soviets will never admit the inferiority of their own technical standards. Their experts are always sent out under the guise of advisers rather than students.

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5. Exchange of Information.

The OIER offices are also responsible for the interchange of plans, blueprints, inventions, patents, etc. between the Soviet Bloc countries. In 1951 the Soviets selected out of the mass of material available to them some 1,200 blueprints of the best processes, patents, etc. used by the Satellites, and these were circulated to all Soviet Bloc countries via the OIER offices.

6. Allocation of Industrial Tasks.

- a. Twice a year (usually at the beginning and again at the end of the year), there is a general international conference of representatives of all the OIER offices in the various Soviet Bloc countries. At these conferences the allocation of various industrial projects and tasks among the Satellites is discussed at length, and directives are then issued incorporating the decisions taken. Thus, Hungary will receive a directive to manufacture a certain type of tractor for supply to the entire Soviet Bloc, while Czechoslovakia will be instructed to manufacture a particular type of lathe.
- b. At the last of these international conferences the Poles were instructed to manufacture a small car similar to the Opel "Olympia", called the Pobyeda, for supply to all the Satellites; while the Czechs were directed to manufacture a type of Jeep to be used primarily as a private car, but convertible if necessary for military purposes.
- c. In addition to these general international conferences, which have a duration of approximately one month, there are more frequent meetings between representatives of two or more of the OIER offices.
- d. Purely military products (as distinct from products which can be converted for military purposes) are excluded from the activities of OIER. Furthermore, OIER is not concerned with standardization, which falls within the competence of a similar organization known as the Standards Office.

1. Comment: Presumably [] referring to the organization commonly known in the West as the Council of Economic Mutual Assistance (CEMA).

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